

## Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 10597 121751Z

60

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 SCEM-02 TRSE-00 EB-11 COME-00 INT-08

OPIC-12 CIEP-02 OMB-01 DRC-01 /165 W

----- 110293

R 121615Z DEC 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 2076

LIMITED OFFICIAL USE CARACAS 10597

E.O. 11652: N/A

TAGS: ENRG VE

SUBJECT: GULF OIL PLANS FOR VENEZUELA

1. HERBERT E. HANSEN, VICE PRESIDENT, GULF OIL CORP., ACCOMPANIED BY WILLIAM L. CLARKE OF GULF, AND LEWIS RAMSEY, PRESIDENT OF LOCAL GULF AFFILIATE (MENE GRANDE) CALLED ON AMBASSADOR DECEMBER 11 TO DISCUSS FUTURE PROSPECTS IN VENEZUELA.

2. GULF REPRESENTATIVES VIEW FUTURE WITH CONSIDERABLE OPTIMISM IN VENEZUELA, FOLLOWING APPARENT ELECTION OF CARLOS ANDRES PEREZ BY SUBSTANTIAL MARGIN. THEY THINK, AS WE DO, THAT CAP WILL BE TOUGH BARGAINER, BUT WILL BE MORE PREPARED TO DEAL ON PRAGMATIC AND REALISTIC BASIS THAN COPEI GOVERNMENT.

3. GULF REPRESENTATIVES HOPE THAT THEY AND OTHER OIL COMPANIES WILL BE ABLE TO INITIATE TALKS WITH VENEZUELAN GOVERNMENT, EARLY IN NEW PRESIDENTIAL TERM, LOOKING TOWARD NEW ARRANGEMENT TO REPLACE CONCESSIONS. NEGOTIATING NEW ARRANGEMENT WOULD GIVE GOVERNMENT EARLY REVERSION AND WOULD GIVE COMPANY MORE STABLE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 10597 121751Z

RELATIONSHIP TO REPLACE CONCESSIONS, WHICH CONSIDERED

ANACHRONISMS THROUGHOUT PETROLEUM ARRANGEMENTS IN MANY PRODUCING COUNTRIES WILL RESULT, GULF REPRESENTATIVES FEAR, FROM NEW 60 PERCENT DEAL WHICH THEY HAD NO CHOICE BUT TO ACCEPT IN KUWAIT. THEY BELIEVE THAT OTHER PRODUCING COUNTRIES WILL FOLLOW SUIT, PERHAPS EACH TRYING TO OUT-DO THE OTHER UNTIL 100 PERCENT OWNERSHIP BECOMES RULE IN MOST PRODUCER STATES. THEY CONSIDER VENEZUELA LIKE IRAN TO BE A SOMEWHAT SPECIAL CASE, WHERE SOMEWHAT DIFFERENT ARRANGEMENTS COULD BE MADE AND WHERE THERE ARE POSSIBILITIES FOR SOMEWHAT MORE STABLE INVESTMENT CLIMATE.

5. REGARDING NATURE OF POSSIBLE ARRANGEMENTS IN VENEZUELA, THEY BELIEVE VENEZUELAN GOVERNMENT WILL WANT TO AVOID CONSORTIUM TYPE ARRANGEMENT LIKE THAT OF IRAN. RATHER, THEY THINK VENEZUELAN GOVERNMENT WILL WANT TO CONSOLIDATE 21 COMPANIES OF INDUSTRY HERE INTO 5 OR 6 VERY LARGE COMPANIES. EACH OF THESE LARGE COMPANIES WOULD BE SUBSTANTIALLY OWNED BY GOVERNMENT AND WOULD INVOLVE JOINT VENTURE, PARTICIPATION, OR SOME CONTRACTUAL ARRANGEMENT WITH PRESENT OWNERS.

6. COMMENT: ONE OF THE BIGGEST PROBLEMS IN NEGOTIATING NEW OIL ARRANGEMENTS WILL BE ACHIEVEMENT OF THE REQUISITE DEGREE OF COOPERATION AND COORDINATION BETWEEN OIL COMPANIES WHOSE INTERESTS WILL BE INVOLVED. AT CRITICAL MOMENTS IN THE PAST HERE THERE HAS BEEN TENDENCY FOR SOME COMPANIES TO WANT TO MOVE FURTHER AND FASTER THAN OTHERS. IN FORTHCOMING TALKS SOME COMPANIES WILL PROBABLY WANT TO OFFER GENEROUS INITIAL PACKAGE THAT WOULD HAVE GOOD CHANCE OF ACCEPTANCE WHILE OTHERS WILL WANT TO ADOPT TOUGHER BARGAINING STANCE YIELDING POINTS ONLY ONE BY ONE WHEN PRESSED BY GOVERNMENT. LATTER APPROACH WOULD BE LIKELY IN PRESENT CLIMATE TO ENCOURAGE GOVERNMENT TO ACT UNILATERALLY.  
MCCLINTOCK

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, PETROLEUM INDUSTRY, PETROLEUM CONCESSIONS, FOREIGN INVESTMENTS, PRESIDENT ELECT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 DEC 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973CARACA10597  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** CARACAS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731230/aaaaavvh.tel  
**Line Count:** 97  
**Locator:** TEXT ON-LINE  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03-Jan-2002 by boyleja>; APPROVED <15-Jan-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GULF OIL PLANS FOR VENEZUELA  
**TAGS:** ENRG, VE, GULF OIL CORP  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005